

Michigan Tobacco Products Tax Return

For Untaxed Cigarettes and Other Tobacco Products Purchased on or after August 1, 2002 through June 30, 2004

| | | | |
|---|-----------------------------|------------------------------|------------------------------|
| Name | | Social Security Number | |
| Address | | City, State, ZIP Code | |
| Column A. Date Acquired | Column B. Tobacco Vendor | Column C. Amount | Column D. Tobacco Tax |
| 20-Cigarette Packs | | (# of Packs) | (\$1.25 x Column C) |
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| 25-Cigarette Packs | | (# of Packs) | (\$1.5625 x Column C) |
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| Other Quantities of Cigarettes | | (# of Cigarettes) | (\$0.0625 x Column C) |
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| Other Tobacco Products (OTP) | | Wholesale Price* | (.20 x Column C) |
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| * See Instructions for computing Wholesale Price. | | Total Tobacco Tax Due | |

Use Tax: Michigan Use Tax is also due on the purchase price (including shipping and handling) of all cigarette and tobacco products obtained from Internet or Mail Order providers where no sales or use tax was collected. Individuals should report and remit the 6% use tax due on their annual Michigan Individual Income Tax Return.

Interest: Treasury will calculate any interest that may be due and notify you by letter. Interest is calculated from the 21st day of the month following the tobacco purchase.

CERTIFICATION

I declare, under penalty of perjury, that the information reported is true and complete to the best of my knowledge.

| | | |
|-----------|------|--------------|
| Signature | Date | Phone Number |
| | | |

Questions should be directed to the Tobacco Tax Unit at (517) 636-4630. Persons who are deaf, hard of hearing or have a speech impairment may call (517) 636-4999 (TTY).

Make checks payable to "State of Michigan."

Forward this return to the following address:
Discovery and Tax Enforcement Division
Michigan Department of Treasury
P.O. Box 30140
Lansing, MI 48909-7640

Instructions for Completing Forms 4096A, Michigan Tobacco Products Tax Return

This form is provided to report and pay the applicable Michigan tobacco taxes on purchases of cigarettes and Other Tobacco Products (OTP) by Michigan residents from the Internet or Mail Order providers. OTP includes cigars, chewing tobacco, pipe tobacco, loose tobacco (roll your own) and snuff. Please refer to the Consumer Warning on page 2 of these instructions.

The reporting form is separated into four parts:

- (1) The first three parts are used to report cigarettes by various packaging configurations of 20-Cigarette Packs, 25-Cigarette Packs, and Other Quantities of Cigarettes (packs that contain less than 20 cigarettes are reported by per cigarette.)
- (2) The fourth part is to report Other Tobacco Products.

Use Form 4096B to report cigarettes and OTP purchased after June 30, 2004. The different forms reflect the tobacco tax rates in effect at the time of purchase.

Tax Rates: August 1, 2002 through June 30, 2004:

Cigarettes are taxed at the rate of 6 ¼ cents (.0625) per cigarette
\$1.25 per pack of 20 cigarettes (20 cigarettes x .0625 = \$1.25)
\$1.5625 per pack of 25 cigarettes (25 cigarettes x .0625 = \$1.5625)
OTP is taxed at 20% of the wholesale price. (See Note 1)

Note 1: Determine wholesale price for OTP by multiplying the retail price paid for the OTP (less shipping and handling) by 50%. Example: Taxpayer A pays \$20.00 (retail) for chewing tobacco. Wholesale price is \$10.00 (\$20.00 x 50%).

Use Tax

Michigan Use Tax is also due on tobacco products purchased from Internet or Mail Order vendors. Use tax is calculated at 6% (.06) of the total purchase price, including shipping and handling. The use tax is to be reported on the taxpayer's annual Individual Income Tax Return (MI-1040).

Remittance

Make your check payable to the "State of Michigan". Forward your completed return with payment to the Discovery and Tax Enforcement Division, at the address identified on the form.

Form 4096A Line-by-Line Instructions:

Enter purchaser's name, address, city, state, zip and social security number on the lines provided.

Part 1 - 20-Cigarette Packs

Column A – Enter date of purchase.
Column B – Enter name of the tobacco vendor.
Column C – Convert cartons to packs and enter total packs. A carton of 20-Cigarette Pack contains 10 packs of cigarettes.
Column D – Multiply Column C times the tax rate (\$1.25 per pack) and enter total.

Part 2 - 25 – Cigarette Packs

Column A – Enter date of purchase.
Column B – Enter name of the tobacco vendor.
Column C – Convert cartons to packs and enter total packs. A carton of 25-Cigarette Pack contains 10 packs of cigarettes.
Column D – Multiply Column C times the tax rate (\$1.5625 per pack) and enter total.

Part 3 - Other Quantities of Cigarettes

Column A – Enter date of purchase.
Column B – Enter name of the tobacco vendor.
Column C – Convert packs with less than 20 cigarettes to individual cigarettes and enter total cigarettes.
Column D – Multiply Column C times the tax rate (\$.0625 per cigarette) and enter total.

Part 4 – OTP

Column A – Enter date of purchase.
Column B – Enter name of the tobacco vendor.
Column C – Multiply the retail price of the OTP (less shipping and handling) by 50% (to determine the approximate wholesale price) and enter total.

Column D – Multiply Column C times the tax rate (20%) and enter total.

Example:

Taxpayer A purchased the following tobacco products from Company A on June 7, 2004:

| | |
|--|----------------|
| 15 cartons of 20-cigarette pack at \$25.00 per carton | \$375.00 |
| 5 cartons of 25-cigarette pack at \$27.00 per carton | \$135.00 |
| 8 packages of exotic cigarettes containing 12 cigarettes per pack at \$4.00 per pack | \$32.00 |
| 4 packages of chewing tobacco at \$5.00 per package | <u>\$20.00</u> |
| Total Tobacco Purchase Price | \$562.00 |
| Shipping and Handling Fee | <u>\$25.00</u> |
| The total purchase price of tobacco products | \$587.00 |

The taxpayer will use Form 4096A to compute the tobacco tax as follows:

| Column A Date Acquired | Column B Tobacco Vendor | Column C Amount | Column D Tobacco Tax |
|---------------------------|----------------------------|--------------------|-------------------------|
|---------------------------|----------------------------|--------------------|-------------------------|

Part 1

| | | | |
|----------|-----------|-----------|----------|
| 6/7/2004 | Company A | 150 packs | \$187.50 |
|----------|-----------|-----------|----------|

15 cartons of 20 cigarette packs contains 150 packs (10 packs per carton x 15 cartons)

The tobacco tax on 150 packs x \$1.25 = \$187.50.

Part 2

| | | | |
|----------|-----------|----------|---------|
| 6/7/2004 | Company A | 50 packs | \$78.12 |
|----------|-----------|----------|---------|

5 cartons of 25 pack cigarettes contains 50 packs (10 packs per carton x 5 cartons)

The tobacco tax on 50 packs x \$1.5625 = \$78.12

Part 3

| | | | |
|----------|-----------|---------------|--------|
| 6/7/2004 | Company A | 96 cigarettes | \$6.00 |
|----------|-----------|---------------|--------|

8 packs containing 12 cigarettes per pack = 96 cigarettes (8 x 12 = 96 cigarettes)

96 cigarettes x .0625 = \$6.00

Part 4

| | | | |
|----------|-----------|---------|--------|
| 6/7/2004 | Company A | \$10.00 | \$2.00 |
|----------|-----------|---------|--------|

4 packages of chewing tobacco purchased for \$20.00. The tax is calculated as follows:

\$20.00 purchase price x 50% = \$10.00. \$10.00 x 20% (.20) = \$2.00. **The total tobacco tax due = \$273.62**

The total amount of use tax due for this example is determined as follows: Total purchase price of tobacco products \$562.00 + shipping and handling of \$25.00 = \$587.00 x .06 = \$35.22. The use tax is to be reported on the taxpayer's annual Individual Income Tax Return (MI-1040), **which is due April 15 of the year following the purchase.**

Consumer Warning: It is illegal to purchase tobacco products through the mail or over the Internet without a license issued by the State of Michigan, unless the vendor is licensed by the State of Michigan and the required tobacco tax is paid by the vendor. Further, it is illegal for a person not licensed by the State of Michigan to possess cigarettes within Michigan unless each package of cigarettes has a Michigan Cigarette Stamp on the package. This includes but is not limited to tobacco products received as a gift or purchased in states outside Michigan, in foreign countries, on United States Military Facilities, or on Native American Reservations.

The State of Michigan provides this form to assist you in the payment of a required tobacco products tax. Payment of the required tobacco products tax does not make legal the otherwise illegal possession of the tobacco products. Possession of unstamped, or otherwise illegal, tobacco products is a crime whether the tax has been paid or not. The possession of any illegal tobacco product subjects you to a penalty equal to 100 percent of the tobacco tax due and criminal prosecution. Further, the tobacco products themselves are contraband and subject to seizure. Contact the Michigan Department of Treasury at 1-800-292-2824 if you have questions about possession of untaxed tobacco products.